Department of Justice

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Southern District of Indiana

FOR IMMEDIATE RELEASE
Wednesday, September 26, 2012
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HOGSETT ANNOUNCES INDICTMENT OF LITTLE MIRACLES OWNERS FOR FRAUD, OBSTRUCTING JUSTICE

Husband and wife accused of defrauding millions through Indianapolis daycare centers

PRESS RELEASE

INDIANAPOLIS – Earlier this year, Joseph H. Hogsett, the United States Attorney, pledged that the investigation and prosecution of white collar and financial fraud cases would be a priority of his office in 2012. Since then, the U.S. Attorney's Office has announced significant white-collar fraud prosecutions across the state, including obtaining convictions in the prosecution of Tim Durham and two others, a multi-million dollar white collar fraud case believed to be the largest in state history.

Today, Hogsett announced the indictment of two Central Indiana residents, Donald E. Crumpton, age 55, and LaFawn Crumpton, age 45, on a 27-count indictment including charges of conspiring to commit wire fraud, wire fraud, conspiring to commit money laundering, money laundering, and the falsification of records in a federal investigation. The couple are the owners and operators of Little Miracles, a local not-for-profit corporation that operated numerous daycare centers across the Indianapolis metropolitan area.

"The allegations in this indictment tell a story of greed run amok, of a business that used Indianapolis children to steal millions in taxpayer money," said Hogsett. "This indictment also represents a warning as to how seriously this office treats allegations involving a culture of corruption that for too long has plagued Indiana's business community."

This prosecution was the result of a collaborative investigation involving the Internal Revenue Service – Criminal Investigation, the United States Department of Agriculture – Office of Inspector General, Investigations, and the Indiana Family and Social Services Administration.

"IRS Criminal Investigation has the financial investigators and expertise that is critical in locating the money, and we work closely with our partners in law enforcement and at the United States Attorney's Office to ensure the defendants are brought to Justice" said Thomas Jankowski, Acting Special Agent in Charge of the IRS Criminal Investigation, Chicago Field Office.

According to the indictment, the Crumptons operated the Little Miracles daycare centers from 2001 until 2010. Beginning in August 2006, they are alleged to have engaged in a scheme to defraud the government of millions of dollars through the abuse of two federal programs: (1) the Child Care Development Fund Voucher Program (CCDF), which provides financial assistance to low-income individuals for quality child care services, and (2) the Child and Adult Care Food Program (CACFP), which provides nutritious meals and snacks to disadvantaged children.

In the case of the CCDF, Indiana's Family and Social Services Administration (FOSSA) oversees the program, which is designed to track the number of hours that children are receiving services at local daycare centers, reimbursing those centers accordingly. The indictment alleges that beginning in 2006, the Crumptons directed their regional directors and daycare center operators to illegally collect confidential information from parents at their facilities. They are then alleged to have used this information to falsify their weekly reports to FOSSA, fraudulently reporting more services than were actually provided.

In the case of the CACFP, which is overseen by Indiana's Department of Education (DOE), the program is similarly designed to track the number of meals and snacks provided to children throughout the week, and reimbursement is then provided to the daycare facilities. The indictment alleges that beginning in January 2007, the Crumptons began directing their regional directors and daycare center operators to fraudulently report to the DOE that every child was eating every meal and snack they could have possibly been provided. This was allegedly done no matter whether the child was actually in attendance on that day or if the child had actually been provided the food.

All told, the indictment alleges that more than $9 million was provided to the Little Miracles corporation between January 2007 and June 2010 – at least $7.5 million of which came from the CCDF, and at least $1.5 million of which came from the CACFP. The government alleges that a significant portion of this money was fraudulently obtained, and many of the counts in the indictment allege that these illegal proceeds were laundered by the Crumptons to pay business expenses.

In addition, the indictment charges both of the Crumptons with the destruction, alteration, or falsification of records in a federal investigation. It is alleged that in early 2010, both defendants became aware that Little Miracles was being investigated for fraud. They allegedly instructed an employee to collect documents related to the CCDF program and to destroy them so they could not be used as evidence. In addition, the indictment alleges that in response to a subpoena, Donald Crumpton provided the Grand Jury with receipts for food supposedly purchased using approximately $200,000 in CACFP funds. The indictment alleges that over half of those receipts were fabricated.

According to Assistant U.S. Attorneys James M. Warden and Nicholas E. Surmacz, who are prosecuting the case for the government, both defendants face decades in federal prison and significant fines if they are found guilty of these charges. An initial hearing was held this morning in Indianapolis, and a detention hearing will be scheduled in the next 48-hours.

An indictment is only a charge and is not evidence of guilt. All defendants are presumed innocent and are entitled to a fair trial at which the government must prove guilt beyond a reasonable doubt.

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